

ASH TOWNSHIP
Monroe County, Michigan

ANNUAL FINANCIAL REPORT

March 31, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name ASH TOWNSHIP	County MONROE
Audit Date 03/31/2004	Opinion Date 05/17/2004	Date Accountant Report Submitted to State: 07/16/2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

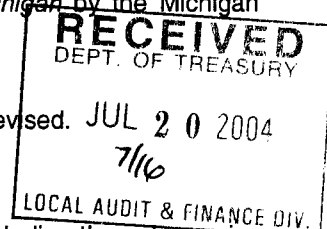
You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) COOLEY HEHL WOHLGAMUTH & CARLTON, CPAS, PLLC			
Street Address ONE SOUTH MONROE STREET	City MONROE	State MI	ZIP 48161
Accountant Signature <i>Cooley Hehl Wohlgamuth & Carlton</i>			



ASH TOWNSHIP

TOWNSHIP OFFICIALS

Supervisor Carolyn M. Sharron

Clerk Shelly Ratz

Treasurer Lucille Mell

TOWNSHIP BOARD

Carolyn M. Sharron
Shelly Ratz
James Booth
Lucille Mell
Beverly Malvitz

ASH TOWNSHIP

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**COOLEY HEHL
WOHLGAMUTH & CARLTON**
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Independent Auditor's Report

Township Board
Ash Township
Monroe County, Michigan

We have audited the accompanying general purpose financial statements of Ash Township, Monroe County, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Ash Township, Monroe County, Michigan, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Ash Township, Monroe County, Michigan, as of March 31, 2004, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, comparative and individual fund financial statements in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Ash Township, Monroe County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Cooley Hehl Wohlgamuth & Carlton

May 17, 2004

ASH TOWNSHIP

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<u>ASSETS</u>			
Cash	\$945,672	\$445,193	\$324,952
Certificates of deposit	1,278,657	45,000	1,059,403
Cash with fiscal agent	0	0	254,548
Receivables:			
Accounts	52,420	0	0
Special assessment	0	0	2,065,047
Accrued interest	2,492	0	0
Delinquent taxes	17,109	7,578	33,707
Due from other funds	44,932	0	0
Inventory	0	0	0
Fixed assets	0	0	0
Accumulated depreciation	0	0	0
Amount available in debt service	0	0	0
Amount to be provided for retirement of general long-term debt	0	0	0
 Total Assets	 \$2,341,282	 \$497,771	 \$3,737,657
<u>LIABILITIES</u>			
Accounts payable	\$12,577	\$13,031	\$0
Due to other governments	0	0	0
Due to other funds	0	26,215	0
Bonds payable	0	0	0
Deferred revenue	0	0	1,871,285
Other liabilities	14,983	0	0
Total Liabilities	27,560	39,246	1,871,285
 <u>FUND EQUITY</u>			
Contributions			
Federal	0	0	0
Township	0	0	0
Customers	0	0	0
Investment in general fixed assets	0	0	0
Fund balance			
Reserved for debt service	0	0	1,866,372
Reserved for computers	3,921	0	0
Reserved for construction	0	0	0
Unreserved	2,309,801	458,525	0
Retained Earnings			
Unreserved	0	0	0
Total Fund Equity	2,313,722	458,525	1,866,372
 Total Liabilities and Fund Equity	 \$2,341,282	 \$497,771	 \$3,737,657

(See accompanying notes to financial statements)

Capital Projects	Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Account Groups		Totals (Memorandum Only)
			General Fixed Assets	General Long Term Debt	
\$0	\$718,392	\$57,132	\$0	\$0	\$2,491,341
0	2,645,232	0	0	0	5,028,292
159,530	0	0	0	0	414,078
0	290,110	759	0	0	343,289
0	211,876	0	0	0	2,276,923
0	0	0	0	0	2,492
0	0	0	0	0	58,394
0	0	0	0	0	44,932
0	138,669	0	0	0	138,669
0	13,119,109	0	2,454,094	0	15,573,203
0	(2,750,233)	0	0	0	(2,750,233)
0	0	0	0	1,866,372	1,866,372
0	0	0	0	3,398,628	3,398,628
<u>\$159,530</u>	<u>\$14,373,155</u>	<u>\$57,891</u>	<u>\$2,454,094</u>	<u>\$5,265,000</u>	<u>\$28,886,380</u>
\$0	\$133,782	\$0	\$0	\$0	\$159,390
0	65,202	41,257	0	0	106,459
0	2,842	15,875	0	0	44,932
0	0	0	0	5,265,000	5,265,000
0	0	0	0	0	1,871,285
0	37,448	759	0	0	53,190
0	239,274	57,891	0	5,265,000	7,500,256
0	814,350	0	0	0	814,350
0	1,096,918	0	0	0	1,096,918
0	7,730,527	0	0	0	7,730,527
0	0	0	2,454,094	0	2,454,094
0	0	0	0	0	1,866,372
0	0	0	0	0	3,921
159,530	0	0	0	0	159,530
0	0	0	0	0	2,768,326
0	4,492,086	0	0	0	4,492,086
<u>159,530</u>	<u>14,133,881</u>	<u>0</u>	<u>2,454,094</u>	<u>0</u>	<u>21,386,124</u>
<u>\$159,530</u>	<u>\$14,373,155</u>	<u>\$57,891</u>	<u>\$2,454,094</u>	<u>\$5,265,000</u>	<u>\$28,886,380</u>

ASH TOWNSHIP

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
For the Year Ended March 31, 2004

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues					
Taxes	\$269,233	\$121,342	\$36,390	\$0	\$426,965
Licenses and permits	12,706	156,821	0	0	169,527
State grants	347,375	0	0	0	347,375
Charges for services	2,400	8,723	0	0	11,123
Special assessments	0	0	318,034	0	318,034
Interest	32,250	4,148	156,325	7,709	200,432
Other revenue	165,941	405	21	0	166,367
Total Revenues	829,905	291,439	510,770	7,709	1,639,823
Expenditures					
Legislative	33,458	0	0	0	33,458
General government	200,851	0	0	0	200,851
Public safety	96,202	334,813	0	0	431,015
Public works	121,862	0	0	0	121,862
Recreation and culture	40,998	0	0	0	40,998
Debt service	0	0	394,323	0	394,323
Other	175,613	0	0	1,981,521	2,157,134
Total Expenditures	668,984	334,813	394,323	1,981,521	3,379,641
Excess (Deficiency) of Revenues over Expenditures	160,921	(43,374)	116,447	(1,973,812)	(1,739,818)
Other Financing Sources (Uses) Transfers in	0	0	0	149,489	149,489
Excess (Deficiency) of Revenues over Expenditures and Other Sources (Uses)	160,921	(43,374)	116,447	(1,824,323)	(1,590,329)
Fund Balances - Beginning of Year	2,152,801	501,899	1,749,925	1,983,853	6,388,478
Fund Balances - End of Year	\$2,313,722	\$458,525	\$1,866,372	\$159,530	\$4,798,149

(See accompanying notes to financial statements)

ASH TOWNSHIP

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND, SPECIAL REVENUE FUNDS, AND DEBT SERVICE FUND TYPES
For the Year Ended March 31, 2004

	General Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues:			
Taxes	\$266,000	\$269,233	\$3,233
Licenses and permits	18,000	12,706	(5,294)
State grants	340,000	347,375	7,375
Charges for services	3,500	2,400	(1,100)
Special assessments	0	0	0
Interest	50,000	32,250	(17,750)
Other revenue	32,600	165,941	133,341
Total Revenues	710,100	829,905	119,805
Expenditures:			
Legislative	31,860	33,458	(1,598)
General government	204,962	200,851	4,111
Public safety	115,760	96,202	19,558
Public works	217,500	121,862	95,638
Recreation and culture	40,500	40,998	(498)
Debt service	0	0	0
Other	194,238	175,613	18,625
Total Expenditures	804,820	668,984	135,836
Excess (Deficiency) of Revenues over Expenditures	(94,720)	160,921	255,641
Fund Balances - Beginning of Year	2,212,653	2,152,801	(59,852)
Fund Balances - End of Year	<u>\$2,117,933</u>	<u>\$2,313,722</u>	<u>\$195,789</u>

(See accompanying notes to financial statements)

Special Revenue Funds			Debt Service Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$110,000	\$121,342	\$11,342	\$32,000	\$36,390	\$4,390
111,500	156,821	45,321	0	0	0
0	0	0	0	0	0
14,900	8,723	(6,177)	0	0	0
0	0	0	166,244	318,034	151,790
7,000	4,148	(2,852)	53,500	156,325	102,825
500	405	(95)	0	0	0
243,900	291,439	47,539	251,744	510,749	259,005
0	0	0	0	0	0
0	0	0	0	0	0
305,800	334,813	(29,013)	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	396,715	394,323	2,392
0	0	0	0	0	0
305,800	334,813	(29,013)	396,715	394,323	2,392
(61,900)	(43,374)	18,526	(144,971)	116,426	261,397
485,315	501,899	16,584	1,108,225	1,749,925	641,700
<u>\$423,415</u>	<u>\$458,525</u>	<u>\$35,110</u>	<u>\$963,254</u>	<u>\$1,866,351</u>	<u>\$903,097</u>

ASH TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE

For the Year Ended March 31, 2004

	<u>Water and Sewer Fund</u>
Operating Revenues:	
Charges for services	\$1,169,186
Penalties	10,971
Hydrant rental	2,400
Other revenue	18,075
	<hr/>
Total Operating Revenues	1,200,632
Operating Expenses:	
Sources of supply	584,983
Water transportation	280,060
Sewer transportation	16,970
Meter maintenance	35,163
Office and administration	134,002
	<hr/>
Total Operating Expenses	1,051,178
	<hr/>
Net Operating Income (Loss)	149,454
Non-Operating Revenues (Expenses):	
Developmental fees	142,305
Meter rental fees	6,925
Interest income	92,813
Transfers out	(149,489)
	<hr/>
Total Non-Operating Revenues (Expenses)	92,554
	<hr/>
Net Income	242,008
Retained Earnings - Beginning of Year	4,250,078
	<hr/>
Retained Earnings - End of Year	<u>\$4,492,086</u>

(See accompanying notes to financial statements)

ASH TOWNSHIP

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
For the Year Ended March 31, 2004

	<u>Water and Sewer Fund</u>
Cash Flows from Operating Activities:	
Net operating income	\$149,454
Adjustments to reconcile net operating income to net cash provided by operating activities	
Depreciation	189,226
(Increase) decrease in assets:	
Receivables	(33,605)
Due from other funds	45,015
Inventory	(52,875)
Increase (decrease) in liabilities:	
Accounts payable and other liabilities	71,170
Due to other governments	(48,276)
Due to other funds	(5,897)
Total Adjustments	<u>164,758</u>
Net Cash Provided (Used) by Operating Activities	314,212
Cash Flows from Capital and Related Financing Activities	
Acquisition of fixed assets	(2,450,976)
Developmental fees	142,305
Meter rental fees	6,925
Special assessments and tap fees	2,222,739
Transfers out	<u>(149,489)</u>
Net Cash Used for Capital and Related Financing Activities	(228,496)
Cash Flows from Investing Activities	
Interest income	<u>92,813</u>
Net Increase (Decrease) in Cash and Cash Equivalents	178,529
Cash and Cash Equivalents - Beginning of Year	<u>3,185,095</u>
Cash and Cash Equivalents - End of Year	<u><u>\$3,363,624</u></u>

There were no investing, capital, or financing activities that affected recognized assets or liabilities but did not result in cash receipts or payments.

(See accompanying notes to financial statements)

ASH TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 Summary of Significant Accounting Policies

For financial reporting purposes, Ash Township includes all funds, account groups, agencies, boards and authorities that are controlled by or dependent on the Township board. The Recreation Commission is not included herein as it operates as an autonomous unit. The accounting policies of the Township conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into six generic fund types and three broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Fund - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Fund - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

PROPRIETARY FUNDS

Enterprise Fund - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Township applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

FIDUCIARY FUNDS

Agency Fund - Agency Funds are used to account for assets held as an agent for individual, private organizations, other governments, and/or other funds.

ASH TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 Summary of Significant Accounting Policies (Continued)

B. Fixed Assets

General Fixed Assets - Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. All general fixed assets are valued at historical cost or estimated fair market value if actual historical cost is not available. Donated general fixed assets are valued at their estimated fair value on the date donated. No depreciation has been provided on general fixed assets.

Proprietary Fund Fixed Assets - Fixed assets used in the proprietary funds are capitalized, at historical cost, on the balance sheets. Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method.

C. Long-Term Liabilities

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

Long-term liabilities expected to be financed from proprietary funds are accounted for in the Water and Sewer Proprietary Fund.

D. Basis of Accounting

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation and sick pay and (2) principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

E. Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The fiscal officer submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them. Unexpended appropriations lapse at year end.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is legally enacted through a Board motion.
4. Any revisions to the budget must be approved by the Township Board.
5. Budgets were adopted on a basis consistent with generally accepted accounting principles.
6. Budgeted amounts are as originally adopted, or as amended by the Township Board.

ASH TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 Summary of Significant Accounting Policies (Concluded)

F. Statement of Cash Flows

For the Statement of Cash Flows for the Proprietary Fund, cash and cash equivalents includes cash and certificates of deposit.

G. Inventory

Inventory in the Water and Sewer Fund is stated at cost, as determined on a first-in, first-out method.

H. Compensated absences

The Township does not accrue the liability for unpaid vacation and sick pay.

I. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 Deposits

Statutes authorize the Township to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency. Public funds of the Township may not be deposited in financial institutions located in states other than Michigan. The Township has adopted an investment policy authorizing certain types of investments and authorized four depositories: Comerica Bank, Monroe Bank and Trust, Standard Federal Bank, and Cadre Securities.

Public Act 367 of 1982 (known as the Surplus Funds Investment Pool Act) enables municipalities to invest surplus operating funds in investment pools managed by qualified financial institutions. At March 31, 2004, Ash Township had invested in such a fund with a local bank. The Township is able to retrieve these funds without restriction and, accordingly, this amount is considered to be available cash. The local bank invests these funds in a variety of instruments including bonds and direct obligations of the United States, certificates of deposit, commercial paper rated within the three highest classifications by not less than two standard rating services, United States government or federal agency obligation repurchase agreements and bankers acceptances of the United States banks.

The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, and since State of Michigan legislation does not require that all deposits be collateralized, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk at each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Deposits are carried at cost. The carrying amount of deposits is separately displayed on the balance sheet as cash, cash with fiscal agent, and certificates of deposit.

ASH TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 2 Deposits (Concluded)

The following is a summary of these deposits:

Carrying value of Township's total deposits	<u>\$7,933,711</u>
Bank balance of Township's deposits	\$8,040,553
Amount covered by FDIC	<u>300,000</u>
In uninsured and uncollateralized accounts	<u>\$7,740,553</u>

Note 3 Interfund Payables and Receivables

Interfund balances at March 31, 2004, consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund:		
Special Revenue Fund:		
Fire Equipment Fund	\$11,239	
Building Department Fund	14,976	
Enterprise Fund:		
Water and Sewer Fund	2,842	
Agency Fund:		
Tax Collection	15,875	
Special Revenue Funds:		
Fire Equipment Fund:		
General Fund		\$11,239
Building Department Fund:		
General Fund		14,976
Enterprise Fund:		
Water and Sewer Fund:		
General Fund		2,842
Agency Fund:		
Tax Collection:		
General Fund		<u>15,875</u>
	<u>\$44,932</u>	<u>\$44,932</u>

Note 4 Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance March 31, 2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance March 31, 2004</u>
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
Buildings	996,584	227,396	-	1,223,980
Fire trucks	875,614	-	88,832	786,782
Fire equipment	219,308	49,281	-	268,589
Other equipment	<u>104,743</u>	<u>-</u>	<u>-</u>	<u>104,743</u>
	<u>\$2,266,249</u>	<u>\$276,677</u>	<u>\$88,832</u>	<u>\$2,454,094</u>

ASH TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 4 Fixed Assets (Concluded)

A summary of changes in Proprietary Fund type fixed assets at March 31, 2004, follows:

	Balance <u>March 31, 2003</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>March 31, 2004</u>
Water mains and hydrants	\$ 7,777,615	\$ -	\$ -	\$ 7,777,615
Water service connections	618,165	110,222	-	728,387
Water meters	66,588	-	-	66,588
Sewer gathering lines	720,529	172,000	-	892,529
Sewer service connections	15,887	-	-	15,887
Building	-	112,985	-	112,985
Other equipment	67,869	22,546	-	90,415
Construction in progress	<u>1,401,480</u>	<u>2,205,223</u>	<u>172,000</u>	<u>3,434,703</u>
	<u>\$10,668,133</u>	<u>\$2,622,976</u>	<u>\$172,000</u>	<u>\$13,119,109</u>

For the year ended March 31, 2004, depreciation expense was \$189,226 for the Water and Sewer Fund.

Note 5 Long-Term Debt

Library General Obligation Bonds (unlimited tax) were issued by Ash Township to pay the cost of erecting, furnishing, and equipping a new public library building. These bonds are payable out of property taxes levied for Library Debt Service. These bonds are a general obligation of the Township and the liability for the remaining outstanding bonds is reflected in the General Long-Term Debt Account Group. The Library Debt Service Fund reflects the payment of this liability.

1996 Special Assessment Bonds (limited tax obligation) were issued by Ash Township to pay for the construction of water supply improvements in special assessment districts number six and seven. These bonds are being financed through a special assessment levied against homeowners benefitting from the construction. These bonds are a general obligation of the Township and the liability for the remaining outstanding bonds is reflected in the General Long-Term Debt Account Group. The 1996 Special Assessment Bonds Debt Retirement Fund reflects the payment of this liability.

1997 Special Assessment Bonds (limited tax obligation) were issued by Ash Township to pay for the construction of water supply improvements in special assessment districts number eight and nine. These bonds are being financed through a special assessment levied against homeowners benefitting from the construction. These bonds are a general obligation of the Township and the liability for the remaining outstanding bonds is reflected in the General Long-Term Debt Account Group. The 1997 Special Assessment Bonds Debt Retirement Fund reflects the payment of this liability.

1998A Special Assessment Bonds (limited tax obligation) were issued by Ash Township to pay for the construction of water supply improvements in special assessment districts number ten and eleven. These bonds are being financed through a special assessment levied against homeowners benefitting from the construction. These bonds are a general obligation of the Township and the liability for the remaining outstanding bonds is reflected in the General Long-Term Debt Account Group. The 1998A Special Assessment Bonds Debt Retirement Fund reflects the payment of this liability.

ASH TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 5 Long-Term Debt (Continued)

1998B Special Assessment Bonds (limited tax obligation) were issued by Ash Township to pay for the construction of water supply improvements in special assessment district number twelve. These bonds are being financed through a special assessment levied against homeowners benefitting from the construction. These bonds are a general obligation of the Township and the liability for the remaining outstanding bonds is reflected in the General Long-Term Debt Account Group. The 1998B Special Assessment Bonds Debt Retirement Fund reflects the payment of this liability.

2003 Special Assessment Bonds (limited tax obligation) were issued by Ash Township to pay for the construction of water supply improvements in special assessment district number fourteen. These bonds are being financed through a special assessment levied against homeowners benefitting from the construction. These bonds are a general obligation of the Township and the liability for the remaining outstanding bonds is reflected in the General Long-Term Debt Account Group. The 2003 Special Assessment Bonds Debt Retirement Fund reflects the payment of this liability.

Act 143 Notes, Series 2002 Michigan Transportation Fund Bonds were issued by the Monroe County Road Commission to pay for the purpose of defraying part of the cost of construction, improvement, maintenance and repair of certain highways in the County. The original issue of \$3,500,000 with the Township's share equaling \$300,000. Ash Township is financing their portion of these costs through the General Fund. These notes are a general obligation of the Township and the liability for the remaining outstanding bonds is reflected in the General Long-Term Debt Account Group. The General Fund reflects the payment of this liability.

The following is a summary of changes in long-term debt:

	<u>Balance</u> <u>March 31, 2003</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance</u> <u>March 31, 2004</u>
Library General Obligation Bonds (unlimited tax): \$690,000 issue dated Feb. 1, 1993, maturing in annual amounts from \$15,000 to \$60,000 and bearing interest at rates from 3.75% to 6.20%.	\$ 460,000	\$ -	\$ 35,000	\$ 425,000
1996 Special Assessment Bonds (limited tax): \$560,000 issue dated June 1, 1996, maturing \$40,000 annually and bearing interest rates from 5.10% to 5.80%.	360,000	-	40,000	320,000
1997 Special Assessment Bonds (limited tax): \$295,000 issue dated June 1, 1997, maturing in annual amounts from \$25,000 for the first three years and \$20,000 annually thereafter and bearing an interest rate of 5.25%	200,000	-	20,000	180,000

ASH TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 5 Long-Term Debt (Continued)

	<u>Balance</u> <u>March 31, 2003</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance</u> <u>March 31, 2004</u>
1998A Special Assessment Bonds (limited tax): \$785,000 issue dated September 1, 1998, maturing in annual amounts of \$15,000 for the first year and \$55,000 annually thereafter and bearing an interest rate of 4.00%.	\$ 605,000	\$ -	\$ 55,000	\$ 550,000
1998B Special Assessment Bonds (limited tax): \$750,000 issue dated November 1, 1998, maturing in annual amounts of \$15,000 for the first year and \$50,000 to \$55,000 thereafter and bearing an interest rate of 4.20%.	575,000	-	55,000	520,000
2003 Special Assessment Bonds (limited tax): \$3,000,000 issue dated January 1, 2003, maturing in annual amounts from \$155,000 to \$285,000 and bearing interest rates from 2.250% to 4.125%.	3,000,000	-	-	3,000,000
Act 143 Notes, Series 2002 Michigan Transportation Fund Bonds: \$3,500,000 issue dated August 1, 2002. Ash Township's portion is 8.57% or \$300,000 maturing in annual amounts of \$30,000 annually and bearing interest rates from 2.750% to 4.000%	<u>-</u> <u>\$5,200,000</u>	<u>300,000</u> <u>\$300,000</u>	<u>30,000</u> <u>\$235,000</u>	<u>270,000</u> <u>\$5,265,000</u>

Library General Obligation Bonds (Unlimited Tax)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2005	\$ 35,000	\$ 24,613	\$ 59,613
2006	40,000	22,455	62,455
2007	40,000	20,115	60,115
2008	45,000	17,585	62,585
2009	45,000	14,885	59,885
2010	50,000	12,010	62,010
2011	55,000	8,808	63,808
2012	55,000	5,425	60,425
2013	<u>60,000</u>	<u>1,860</u>	<u>61,860</u>
	<u>\$425,000</u>	<u>\$127,756</u>	<u>\$552,756</u>

ASH TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 5 Long-Term Debt (Continued)

1996 Special Assessment Bonds (Limited Tax)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2005	\$ 40,000	\$17,080	\$ 57,080
2006	40,000	14,980	54,980
2007	40,000	12,760	52,760
2008	40,000	10,440	50,440
2009	40,000	8,120	48,120
2010	40,000	5,800	45,800
2011	40,000	3,480	43,480
2012	<u>40,000</u>	<u>1,160</u>	<u>41,160</u>
	<u>\$320,000</u>	<u>\$73,820</u>	<u>\$393,820</u>

1997 Special Assessment Bonds (Limited Tax)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2005	\$ 20,000	\$ 8,925	\$ 28,925
2006	20,000	7,875	27,875
2007	20,000	6,825	26,825
2008	20,000	5,775	25,775
2009	20,000	4,725	24,725
2010	20,000	3,675	23,675
2011	20,000	2,625	22,625
2012	20,000	1,575	21,575
2013	<u>20,000</u>	<u>525</u>	<u>20,525</u>
	<u>\$180,000</u>	<u>\$42,525</u>	<u>\$222,525</u>

1998A Special Assessment Bonds (Limited Tax)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2005	\$ 55,000	\$ 20,900	\$ 75,900
2006	55,000	18,700	73,700
2007	55,000	16,500	71,500
2008	55,000	14,300	69,300
2009	55,000	12,100	67,100
2010	55,000	9,900	64,900
2011	55,000	7,700	62,700
2012	55,000	5,500	60,500
2013	55,000	3,300	58,300
2014	<u>55,000</u>	<u>1,100</u>	<u>56,100</u>
	<u>\$550,000</u>	<u>\$109,900</u>	<u>\$660,000</u>

ASH TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 5 Long-Term Debt (Continued)
1998B Special Assessment Bonds (Limited Tax)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2005	\$ 50,000	\$ 20,790	\$ 70,790
2006	50,000	18,690	68,690
2007	50,000	16,590	66,590
2008	50,000	14,490	64,490
2009	50,000	12,285	67,285
2010	55,000	9,975	64,975
2011	55,000	7,665	62,665
2012	55,000	5,355	60,355
2013	55,000	3,150	53,150
2014	<u>50,000</u>	<u>1,050</u>	<u>51,050</u>
	<u>\$520,000</u>	<u>\$110,040</u>	<u>\$630,040</u>

2003 Special Assessment Bonds (Limited Tax)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2004	\$ 155,000	\$100,623	\$ 255,623
2005	165,000	97,023	262,023
2006	175,000	93,198	268,198
2007	180,000	88,979	268,979
2008	190,000	83,879	273,879
2009	195,000	77,860	272,860
2010	205,000	71,104	276,104
2011	215,000	63,754	278,754
2012	225,000	55,885	280,885
2013	235,000	47,313	282,313
2014	245,000	38,071	283,071
2015	260,000	28,093	288,093
2016	270,000	17,325	287,325
2017	<u>285,000</u>	<u>5,878</u>	<u>290,878</u>
	<u>\$3,000,000</u>	<u>\$868,985</u>	<u>\$3,868,985</u>

Act 143 Notes, Series 2002 Michigan Transportation Fund Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2005	\$ 30,000	\$ 9,150	\$ 39,150
2006	30,000	8,288	38,288
2007	30,000	7,350	37,350
2008	30,000	6,356	36,356
2009	30,000	5,306	35,306
2010	30,000	4,181	34,181
2011	30,000	3,000	33,000
2012	30,000	1,800	31,800
2013	<u>30,000</u>	<u>600</u>	<u>30,600</u>
	<u>\$270,000</u>	<u>\$46,031</u>	<u>\$316,031</u>

ASH TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 5 Long-Term Debt (Concluded)

The annual requirements to pay principal and interest on the long-term debt outstanding at March 31, 2004 are as follows:

<u>Fiscal Year</u>	<u>Annual Requirements</u>
2005	\$ 587,081
2006	588,010
2007	583,337
2008	577,925
2009	576,300
2010 and thereafter	<u>3,731,504</u>
	<u>\$6,644,157</u>

Note 6 Property Taxes

The Township bills and collects its own property taxes and also taxes for the State of Michigan, County of Monroe, Airport Community School District, Huron Schools, Flat Rock Schools, Monroe County Community College, Monroe County Intermediate School District, and Wayne County Intermediate School District. Collections are accounted for in the Tax Collection Agency Fund. For the year ended March 31, 2004, the Township levied, on December 1, 2003, the following mills due and payable on February 14, 2004:

General Operating	0.8190
Fire Equipment	0.5000
Library Debt Service	<u>0.1500</u>
	<u>1.4690</u>

Taxable values, which amounted to \$231,500,832 represent a percent of the fair market value of the assessed properties on December 31, 2002. The Township also collected taxes on properties covered under industrial facilities exemptions which had a total taxable value of \$22,031,594.

For the year ended March 31, 2004, the Township also billed and retained \$66,617 as administrative fees for the above tax collection.

Note 7 Charges for Services

Charges for users of the Water and Sewer Enterprise Fund consist of the following:

Water and Sewer Enterprise Fund:

Maintenance Fee - A maintenance fee of \$6.00 per quarter is charged to each user (both Ash Township and Village of Carleton residents). This maintenance fee which replaced a prior debt service charge became effective November 1, 1997.

Metered Water Sales - A water charge is billed at rates established by the Township based on water consumption. Effective September 1, 2001, water rates were \$2.70 per 1,000 gallons with a minimum bill of \$27.00 (10,000 gallons per quarter). Effective September 1, 2003, water rates were \$3.25 per 1,000 gallons with a minimum bill of \$32.50 (10,000 gallons per quarter).

ASH TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 7 Charges for Services (Concluded)

Water Development Fee - A development fee or tap in fee will be charged to each premise requesting to tap into the water system. The fee is \$1,000 per residential equivalent user factor.

Sewer Service Charges - A sewer charge for Village customers is billed at rates established by the Village of Carleton based on water consumption. For the year ended March 31, 2004, sewer rates were \$7.00 per 1,000 gallons. The sewer charge for Township customers is billed at rates established by Ash Township based on water consumption. Current sewer rates are \$7.65 per 1,000 gallons.

Sewer Connection Charge - Village of Carleton customers will be charged a sewer connection fee of \$2,500, plus a debt service charge as determined by the Village of Carleton, to each premise for a 6" connection to the sewer system. Where larger connections are desired, the connection charge shall be \$2,500 plus 125% of the additional cost and a debt service charge as determined by the Village of Carleton. For Township customers, a sewer connection charge of \$6,000 will be charged to each premise for a 6" connection to the sewer system. Larger connections will be charged \$6,000 plus 125% of the additional cost. For subdivisions the connection charge will be \$5,000 and a \$50 fee for each home connected.

Note 8 Collection Fees - Water and Sewer Fund

Billing and collection of sewerage service and the posting of customer accounts are performed by Ash Township for Village of Carleton sewage customers on a contractual basis. The Township charges 5% of the total collections as a fee for this service which amounted to \$19,474 for the 2003-2004 fiscal year.

Note 9 Employee's Pension Plan
Plan Description

Ash Township is in an agent multiple-employer defined benefit pension plan with the Municipal Employees Retirement System of Michigan (MERS), administered by the State of Michigan.

Benefit provisions and all other requirements are established by state statute and Township ordinance. All full-time Township employees are eligible to participate in MERS. Benefits vest after 10 years of service. Township employees who retire after age 60 with 10 years, age 55 with 15 years, and age 50 with 25 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.5% of a members 5-year final average compensation. The system also provides disability retirement allowance, non duty death, and duty connected death allowance and post retirement adjustments.

The Municipal Employees Retirement System of Michigan issues a publically available financial report which may be obtained by writing to MERS, 447 North Canal Road, Lansing, Michigan, 48197.

Funding Policy

General employees contribute 5.0% of their wages to the plan which amounted to \$6,036 for the fiscal year ending March 31, 2004. The Township is required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by State statute. The Township's annual required contribution was \$7,011 for the fiscal year ending March 31, 2004 (5.80% of covered payroll). The contribution requirements of plan members and the Township are established by the Township and by the MERS Board of Trustees.

ASH TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 9 Employee's Pension Plan (Concluded)

Annual Pension Cost

For the fiscal year ending March 31, 2004, the Township's annual pension cost of \$7,011 for the plan was equal to the Township's required and actual contributions. The required contribution was determined as part of the December 31, 2001 actuarial valuation using the entry age normal cost method. Significant actuarial assumptions include (a) 8.0% investment rate of return, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0% to 4.16%, depending on age, attributable to seniority/merit and, (d) assumptions that benefits will increase after retirement.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The Township's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 30 years.

Three-year Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension Cost</u>	<u>Percentage of</u> <u>Annual Pension</u> <u>Cost Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
03/31/02	\$7,878	100%	\$ -
03/31/03	8,346	100%	-
03/31/04	7,011	100%	-

	<u>Valuation Ended December 31,</u>		
	<u>2000</u>	<u>2001</u>	<u>2002</u>
Actuarial value of assets	\$153,758	\$171,089	\$181,962
Actuarial accrued liability (entry age)	211,742	227,368	241,403
Unfunded AAL	57,984	56,279	59,441
Funded ratio	73%	75%	75%
Annual payroll	107,236	108,745	109,192
UAAL as a percentage of annual covered payroll	54%	52%	54%

Note 10 Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The Township has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

Note 11 Financial Statement (GASB 34)

In June 1999, members of the Governmental Accounting Standards Board (GASB) unanimously approved issuance of GASBS No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, which will make dramatic changes in the way state and local governments report their finances to the public. This will first be effective for the Township for the fiscal year ending March 31, 2005.

The statement requires changes in presentation and some accounting policies. The statement will require material prior period adjustments, most significantly depreciation of fixed assets. The amounts of the adjustments have not been determined at this time.

General Fund

General Fund - To account for all revenues, expenditures, and activities not specifically provided for in other funds.

ASH TOWNSHIP

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes			
Property taxes	\$200,000	\$198,761	(\$1,239)
Trailer park taxes	3,000	2,416	(584)
Administrative fee	60,000	66,551	6,551
Penalties and interest on tax	3,000	1,505	(1,495)
	<u>266,000</u>	<u>269,233</u>	<u>3,233</u>
Licenses and permits			
Business licenses and permits	18,000	12,706	(5,294)
State grants			
State shared revenue	340,000	347,375	7,375
Charges for services			
Land splits	3,500	2,400	(1,100)
Interest			
Earned interest	50,000	32,250	(17,750)
Other revenue			
Streetlight assessment	3,600	3,269	(331)
Cemetery plots	3,000	200	(2,800)
Other revenue	26,000	162,472	136,472
	<u>32,600</u>	<u>165,941</u>	<u>133,341</u>
Total Revenues	710,100	829,905	119,805
Expenditures:			
Legislative			
Board	31,860	33,458	(1,598)
General government			
Supervisor	16,325	15,759	566
Elections	3,342	31	3,311
Audit fees	8,500	7,850	650
Assessor	51,215	56,516	(5,301)
Legal fees	20,000	16,250	3,750
Clerk	25,570	26,045	(475)
Treasurer	27,750	28,596	(846)
Hall and grounds	26,260	24,749	1,511
General services	26,000	25,055	945
	<u>204,962</u>	<u>200,851</u>	<u>4,111</u>

ASH TOWNSHIP

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCEBUDGET AND ACTUAL

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures (Concluded):			
Public safety			
Fire department	\$115,760	\$96,202	\$19,558
Public works			
Street lights	17,500	12,794	4,706
Roads and drains	200,000	109,068	90,932
	<u>217,500</u>	<u>121,862</u>	<u>95,638</u>
Recreation and culture			
Senior citizens	2,500	2,500	0
Historical Society	2,500	1,597	903
Park Commission	15,000	15,000	0
Library	20,500	21,901	(1,401)
	<u>40,500</u>	<u>40,998</u>	<u>(498)</u>
Other			
Insurance	37,214	39,082	(1,868)
Social security	25,000	11,134	13,866
Building addition	116,158	115,859	299
Other	11,500	9,538	1,962
Contingency	4,366	0	4,366
	<u>194,238</u>	<u>175,613</u>	<u>18,625</u>
Total Expenditures	<u>804,820</u>	<u>668,984</u>	<u>135,836</u>
Excess (Deficiency) of Revenues over Expenditures	(94,720)	160,921	255,641
Fund Balance - Beginning of Year	<u>2,212,653</u>	<u>2,152,801</u>	<u>(59,852)</u>
Fund Balance - End of Year	<u>\$2,117,933</u>	<u>\$2,313,722</u>	<u>\$195,789</u>

Special Revenue Funds

Budget Stabilization Fund - Established under the provisions of Public Act 30 of 1978, to set aside moneys to reduce a general fund deficit, to prevent a reduction in the level of public services, to prevent a reduction in the number of employees or to cover expenses caused by a natural disaster.

Fire Equipment Fund - To account for resources set aside or property taxes levied to purchase new fire equipment.

Building Department Fund - Established under the provisions of Public Act 245 of 1999, to account for the revenues and expenditures related to the cost of operating the building department.

ASH TOWNSHIP
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
March 31, 2004

	Budget Stabilization Fund	Fire Equipment Fund	Building Department Fund	Totals
<u>Assets</u>				
Cash	\$0	\$368,606	\$76,587	\$445,193
Certificates of deposit	45,000	0	0	45,000
Accrued interest receivable	0	0	0	0
Delinquent taxes receivable	0	7,578	0	7,578
Total Assets	<u>\$45,000</u>	<u>\$376,184</u>	<u>\$76,587</u>	<u>\$497,771</u>
<u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Accounts payable	\$0	\$0	\$13,031	\$13,031
Due to other funds	0	11,239	14,976	26,215
Total Liabilities	0	11,239	28,007	39,246
Fund Balances - Unreserved	<u>45,000</u>	<u>364,945</u>	<u>48,580</u>	<u>458,525</u>
Total Liabilities and Fund Balances	<u>\$45,000</u>	<u>\$376,184</u>	<u>\$76,587</u>	<u>\$497,771</u>

ASH TOWNSHIP

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended March 31, 2004

	Budget Stabilization Fund	Fire Equipment Fund	Building Department Fund	Totals
Revenues				
Property taxes	\$0	\$121,342	\$0	\$121,342
Licenses and permits	0	0	156,821	156,821
Charges for services	0	0	8,723	8,723
Interest	0	2,548	1,600	4,148
Other revenue	0	0	405	405
Total Revenues	0	123,890	167,549	291,439
Expenditures				
Public safety	0	67,244	267,569	334,813
Total Expenditures	0	67,244	267,569	334,813
Excess (Deficiency) of Revenues over Expenditures	0	56,646	(100,020)	(43,374)
Fund Balances-Beginning of Year	45,000	308,299	148,600	501,899
Fund Balances-End of Year	<u>\$45,000</u>	<u>\$364,945</u>	<u>\$48,580</u>	<u>\$458,525</u>

ASH TOWNSHIP

FIRE EQUIPMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$110,000	\$121,342	\$11,342
Interest	<u>5,000</u>	<u>2,548</u>	<u>(2,452)</u>
Total Revenues	115,000	123,890	8,890
Expenditures			
Public safety			
Equipment	<u>73,000</u>	<u>67,244</u>	<u>5,756</u>
Excess (Deficiency) of Revenues over Expenditures	42,000	56,646	14,646
Fund Balance - Beginning of Year	<u>371,715</u>	<u>308,299</u>	<u>(63,416)</u>
Fund Balance - End of Year	<u><u>\$413,715</u></u>	<u><u>\$364,945</u></u>	<u><u>(\$48,770)</u></u>

ASH TOWNSHIP

BUILDING DEPARTMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Licenses and permits			
Non-Business licenses and permits	\$111,500	\$156,821	\$45,321
Charges for services			
Site plan/land use fees	9,000	2,308	(6,692)
Rezoning fees	2,400	1,915	(485)
Zoning board fees	3,500	4,500	1,000
	<u>14,900</u>	<u>8,723</u>	<u>(6,177)</u>
Interest	2,000	1,600	(400)
Other revenue	<u>500</u>	<u>405</u>	<u>(95)</u>
Total Revenues	128,900	167,549	38,649
Expenditures:			
Public safety			
Inspections	<u>232,800</u>	<u>267,569</u>	<u>(34,769)</u>
Excess (Deficiency) of			
Revenues over Expenditures	(103,900)	(100,020)	3,880
Fund Balance - Beginning of Year	<u>113,600</u>	<u>148,600</u>	<u>35,000</u>
Fund Balance - End of Year	<u>\$9,700</u>	<u>\$48,580</u>	<u>\$38,880</u>

Debt Service Funds

Library Debt Service Fund - To account for the payment of principal and interest due on the General Obligation Bonds issued by the Township.

1996 Special Assessment Bonds Debt Retirement Fund - To account for the collection of Water District Special Assessment #6 and #7, used to pay the cost of a \$560,000 bond issue.

1997 Special Assessment Bonds Debt Retirement Fund - To account for the collection of Water District Special Assessment #8 and #9, used to pay the cost of a \$295,000 bond issue.

1998A Special Assessment Bonds Debt Retirement Fund - To account for the collection of Water District Special Assessment #10 and #11, used to pay the cost of a \$785,000 bond issue.

1998B Special Assessment Bonds Debt Retirement Fund - To account for the collection of Water District Special Assessment #12, used to pay the cost of a \$750,000 bond issue.

2003 Special Assessment Bonds Debt Retirement Fund - To account for the collection of Water District Special Assessment #14, used to pay the cost of a \$3,000,000 bond issue.

ASH TOWNSHIP
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
March 31, 2004

	Library Debt Service	1996 Special Assessment Bonds Debt Retirement	1997 Special Assessment Bonds Debt Retirement
<u>Assets</u>			
Cash	\$10,512	\$59,450	\$29,139
Certificates of deposit	0	112,726	40,991
Cash with fiscal agent	48,005	0	0
Special assessment receivable	0	155,905	138,411
Delinquent taxes receivable	2,272	4,494	0
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$60,789</u>	<u>\$332,575</u>	<u>\$208,541</u>
<u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Deferred revenue	<u>\$0</u>	<u>\$133,506</u>	<u>\$122,157</u>
Total Liabilities	0	133,506	122,157
<u>Fund Balances</u>			
Reserved for debt service	<u>60,789</u>	<u>199,069</u>	<u>86,384</u>
Total Liabilities and Fund Balances	<u>\$60,789</u>	<u>\$332,575</u>	<u>\$208,541</u>

1998A Special Assessment Bonds Debt Retirement	1998B Special Assessment Bonds Debt Retirement	2003 Special Assessment Bonds Debt Retirement	Totals
\$79,398	\$77,524	\$68,929	\$324,952
313,424	233,589	358,673	1,059,403
0	0	206,543	254,548
257,083	278,920	1,234,728	2,065,047
3,846	6,778	16,317	33,707
<u>\$653,751</u>	<u>\$596,811</u>	<u>\$1,885,190</u>	<u>\$3,737,657</u>

<u>\$228,141</u>	<u>\$247,686</u>	<u>\$1,139,795</u>	<u>\$1,871,285</u>
228,141	247,686	1,139,795	1,871,285
<u>425,610</u>	<u>349,125</u>	<u>745,395</u>	<u>1,866,372</u>
<u>\$653,751</u>	<u>\$596,811</u>	<u>\$1,885,190</u>	<u>\$3,737,657</u>

ASH TOWNSHIP

DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended March 31, 2004

	Library Debt Service	1996 Special Assessment Bonds Debt Retirement	1997 Special Assessment Bonds Debt Retirement
Revenues			
Property taxes	\$36,390	\$0	\$0
Special assessments	0	23,226	17,159
Interest income	278	16,033	10,359
Other revenue	21	0	0
Total Revenues	36,689	39,259	27,518
Expenditures			
Debt service	61,990	59,727	30,250
Excess (Deficiency) of Revenues over Expenditures	(25,301)	(20,468)	(2,732)
Fund Balances - Beginning of Year	86,090	219,537	89,116
Fund Balances - End of Year	<u>\$60,789</u>	<u>\$199,069</u>	<u>\$86,384</u>

1998A Special Assessment Bonds Debt Retirement	1998B Special Assessment Bonds Debt Retirement	2003 Special Assessment Bonds Debt Retirement	Totals
\$0	\$0	\$0	\$36,390
59,505	40,472	177,672	318,034
23,718	23,506	82,431	156,325
0	0	0	21
83,223	63,978	260,103	510,770
78,350	78,245	85,761	394,323
4,873	(14,267)	174,342	116,447
420,737	363,392	571,053	1,749,925
<u>\$425,610</u>	<u>\$349,125</u>	<u>\$745,395</u>	<u>\$1,866,372</u>

ASH TOWNSHIP

LIBRARY DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$32,000	\$36,390	\$4,390
Interest income	3,000	278	(2,722)
Other revenue	0	21	21
Total Revenues	35,000	36,689	1,689
Expenditures			
Debt service			
Bond principal	35,000	35,000	0
Bond interest	27,770	26,590	1,180
Fiscal charges	400	400	0
Total Expenditures	63,170	61,990	1,180
Excess (Deficiency) of Revenues over Expenditures	(28,170)	(25,301)	2,869
Fund Balance - Beginning of Year	59,565	86,090	26,525
Fund Balance - End of Year	<u>\$31,395</u>	<u>\$60,789</u>	<u>\$29,394</u>

ASH TOWNSHIP

1996 SPECIAL ASSESSMENT BONDS DEBT RETIREMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Special assessments	\$17,689	\$23,226	\$5,537
Interest income	12,000	16,033	4,033
Total Revenues	29,689	39,259	9,570
Expenditures			
Debt service			
Principal	40,000	40,000	0
Bond interest	20,000	19,145	855
Fiscal charges and miscellaneous	500	582	(82)
Total Expenditures	60,500	59,727	773
Excess (Deficiency) of Revenues over Expenditures	(30,811)	(20,468)	10,343
Fund Balance - Beginning of Year	195,605	219,537	23,932
Fund Balance - End of Year	<u>\$164,794</u>	<u>\$199,069</u>	<u>\$34,275</u>

ASH TOWNSHIP

1997 SPECIAL ASSESSMENT BONDS DEBT RETIREMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Special assessments	\$0	\$17,159	\$17,159
Interest income	0	10,359	10,359
Total Revenues	0	27,518	27,518
Expenditures			
Debt service			
Principal	20,000	20,000	0
Bond interest	10,000	9,975	25
Fiscal charges and miscellaneous	350	275	75
Total Expenditures	30,350	30,250	100
Excess (Deficiency) of Revenues over Expenditures	(30,350)	(2,732)	27,618
Fund Balance - Beginning of Year	88,663	89,116	453
Fund Balance - End of Year	<u>\$58,313</u>	<u>\$86,384</u>	<u>\$28,071</u>

ASH TOWNSHIP

1998A SPECIAL ASSESSMENT BONDS DEBT RETIREMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCEBUDGET AND ACTUAL

For the Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Special assessments	\$32,678	\$59,505	\$26,827
Interest income	18,500	23,718	5,218
Total Revenues	51,178	83,223	32,045
Expenditures			
Debt service			
Principal	55,000	55,000	0
Bond interest	23,100	23,100	0
Fiscal charges and miscellaneous	300	250	50
Total Expenditures	78,400	78,350	50
Excess (Deficiency) of Revenues over Expenditures	(27,222)	4,873	32,095
Fund Balance - Beginning of Year	422,544	420,737	(1,807)
Fund Balance - End of Year	<u>\$395,322</u>	<u>\$425,610</u>	<u>\$30,288</u>

ASH TOWNSHIP

1998B SPECIAL ASSESSMENT BONDS DEBT RETIREMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Special assessments	\$30,877	\$40,472	\$9,595
Interest income	18,000	23,506	5,506
Total Revenues	48,877	63,978	15,101
Expenditures			
Debt service			
Principal	55,000	55,000	0
Bond interest	22,995	22,995	0
Fiscal charges and miscellaneous	300	250	50
Total Expenditures	78,295	78,245	50
Excess (Deficiency) of Revenues over Expenditures	(29,418)	(14,267)	15,151
Fund Balance - Beginning of Year	341,848	363,392	21,544
Fund Balance - End of Year	<u>\$312,430</u>	<u>\$349,125</u>	<u>\$36,695</u>

ASH TOWNSHIP

2003 SPECIAL ASSESSMENT BONDS DEBT RETIREMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCEBUDGET AND ACTUAL

For the Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Special assessments	\$85,000	\$177,672	\$92,672
Interest income	2,000	82,431	80,431
Total Revenues	87,000	260,103	173,103
Expenditures			
Debt service			
Principal	0	0	0
Bond interest	85,305	85,305	0
Fiscal charges and miscellaneous	695	456	239
Total Expenditures	86,000	85,761	239
Excess (Deficiency) of Revenues over Expenditures	1,000	174,342	173,342
Fund Balance - Beginning of Year	0	571,053	571,053
Fund Balance - End of Year	\$1,000	\$745,395	\$744,395

Capital Projects Fund

Water District #14 - to account for moneys for the financing of construction of water line extensions.

ASH TOWNSHIP

2003 CONSTRUCTION FUND #14

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended March 31, 2004

	<u>Actual</u>
Revenues	
Interest income	<u>\$7,709</u>
Total Revenues	7,709
Expenditures	
Construction	<u>1,981,521</u>
Total Expenditures	<u>1,981,521</u>
Excess (Deficiency) of Revenues over Expenditures	(1,973,812)
Other Financing Sources (Uses)	
Transfers in	<u>149,489</u>
Excess (Deficiency) of Revenues over Expenditures and Other Sources (Uses)	(1,824,323)
Fund Balance - Beginning of Year	<u>1,983,853</u>
Fund Balance - End of Year	<u><u>\$159,530</u></u>

Enterprise Fund

Water and Sewer Fund - To account for the provision of water and sewer services to the residents of the Township. All activities necessary to provide such services are accounted for in this fund.

ASH TOWNSHIP
WATER AND SEWER FUND
COMPARATIVE BALANCE SHEET
March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>Assets</u>		
Current Assets		
Cash	\$718,392	\$1,410,999
Certificates of deposit	2,645,232	1,774,096
Receivables - accounts	290,110	232,384
- special assessment	211,876	235,997
Due from other funds	0	45,015
Inventory	138,669	85,794
Total Current Assets	4,004,279	3,784,285
Fixed Assets		
Water mains and hydrants	7,777,615	7,777,615
Water service connections	728,387	618,165
Water meters	66,588	66,588
Sewer gathering lines/pump station	892,529	720,529
Sewer service connections	15,887	15,887
Building	112,985	0
Other equipment	90,415	67,869
Construction in progress	3,434,703	1,401,480
	<u>13,119,109</u>	<u>10,668,133</u>
Less: Accumulated depreciation	<u>2,750,233</u>	<u>2,561,007</u>
Net Fixed Assets	<u>10,368,876</u>	<u>8,107,126</u>
Total Assets	<u><u>\$14,373,155</u></u>	<u><u>\$11,891,411</u></u>

	2004	2003
<u>Liabilities and Fund Equity</u>		
Liabilities		
Accounts payable	\$133,782	\$61,569
Accrued wages	0	4,523
Due to other governments	65,202	113,478
Due to other funds	2,842	8,739
Customer deposits	37,448	33,968
Total Liabilities	239,274	222,277
Fund Equity		
Contributions		
Federal	814,350	814,350
Ash Township	1,096,918	947,429
Customers - water	7,649,677	5,576,427
- sewer	80,850	80,850
	9,641,795	7,419,056
Retained earnings		
Unreserved	4,492,086	4,250,078
Total Fund Equity	14,133,881	11,669,134
Total Liabilities and Fund Equity	\$14,373,155	\$11,891,411

ASH TOWNSHIP

WATER AND SEWER FUND

COMPARATIVE STATEMENT OF CONTRIBUTIONS

For the Years Ended March 31, 2004 and 2003

	<u>Federal</u>	<u>Ash Township</u>	<u>Customers Water</u>	<u>Customers Sewer</u>	<u>Total</u>
Balance-March 31, 2003	\$814,350	\$947,429	\$5,576,427	\$80,850	\$7,419,056
Add: New taps	0	0	240,000	0	240,000
Add: New Assessments	0	149,489	1,833,250	0	1,982,739
Balance-March 31, 2004	<u>\$814,350</u>	<u>\$1,096,918</u>	<u>\$7,649,677</u>	<u>\$80,850</u>	<u>\$9,641,795</u>
Balance-March 31, 2002	\$814,350	\$947,429	\$4,348,382	\$80,850	\$6,191,011
Add: New taps	0	0	64,000	0	64,000
Add: New assessments	0	0	1,164,045	0	1,164,045
Balance-March 31, 2003	<u>\$814,350</u>	<u>\$947,429</u>	<u>\$5,576,427</u>	<u>\$80,850</u>	<u>\$7,419,056</u>

ASH TOWNSHIP

WATER AND SEWER FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS

For the Years Ended March 31, 2004 and 2003

	2004	2003
Operating Revenues		
Charges for services		
Metered water sales	\$950,358	\$917,826
Sewer service charges	132,251	119,487
Maintenance fees	67,103	64,914
Collection fees	19,474	18,082
	<u>1,169,186</u>	<u>1,120,309</u>
Penalties	10,971	8,733
Hydrant rental	2,400	2,400
Other revenue	18,075	22,452
	<u>1,200,632</u>	<u>1,153,894</u>
Total Operating Revenues		
Operating Expenses		
Sources of supply		
Wages	5,915	10,493
Contracted services	120,101	97,801
Utilities	6,897	4,638
Operating supplies	9,815	8,342
Water purchase	424,955	394,760
Depreciation	17,300	27,939
	<u>584,983</u>	<u>543,973</u>
Water transportation		
Wages	38,455	22,044
Contracted services	33,953	23,299
Operating supplies	50,711	12,660
Engineering fees	357	0
Depreciation	156,584	156,508
	<u>280,060</u>	<u>214,511</u>
Sewer transportation		
Wages	1,694	10,037
Contracted services	774	23,968
Operating supplies	91	31
Depreciation	14,411	14,411
	<u>16,970</u>	<u>48,447</u>
Meter maintenance		
Wages	24,232	14,344
Contracted services	0	480
Operating supplies	10,000	83,251
Depreciation	931	1,087
	<u>35,163</u>	<u>99,162</u>

ASH TOWNSHIP

WATER AND SEWER FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS

For the Years Ended March 31, 2004 and 2003

(Concluded)

	2004	2003
Office and administration		
Wages	\$54,552	\$55,361
Fringe benefits	15,408	16,417
Retirement	6,037	8,346
Contracted services	6,899	307
Professional fees	10,004	9,399
Office supplies and maintenance	39,252	15,693
Telephone	1,850	1,689
	<u>134,002</u>	<u>107,212</u>
Total Operating Expenses	<u>1,051,178</u>	<u>1,013,305</u>
Net Operating Income (Loss)	149,454	140,589
Non-Operating Revenues (Expenses)		
Developmental fees	142,305	90,720
Meter rental fees	6,925	1,525
Interest income	92,813	87,493
Transfers out	<u>(149,489)</u>	<u>0</u>
Total Non-Operating Revenues (Expenses)	<u>92,554</u>	<u>179,738</u>
Net Income	242,008	320,327
Retained Earnings - Beginning of Year	<u>4,250,078</u>	<u>3,929,751</u>
Retained Earnings - End of Year	<u><u>\$4,492,086</u></u>	<u><u>\$4,250,078</u></u>

ASH TOWNSHIP

WATER AND SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS

For the Years Ended March 31, 2004 and 2003

	2004	2003
Cash Flows from Operating Activities		
Net operating income	\$149,454	\$140,589
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	189,226	199,945
(Increase) decrease in assets:		
Receivables	(33,605)	(99,158)
Due from other funds	45,015	(44,494)
Inventory	(52,875)	(4,163)
Increase (decrease) in liabilities:		
Accounts payable	72,213	41,434
Accrued wages	(4,523)	(154)
Due to other governments	(48,276)	15,988
Due to other funds	(5,897)	(15,066)
Customer deposits	3,480	996
Total Adjustments	164,758	95,328
Net Cash Provided (Used) by Operating Activities	314,212	235,917
Cash Flows from Capital and Related Financing Activities		
Acquisition of fixed assets	(2,450,976)	(1,291,953)
Developmental fees	142,305	90,720
Meter rental fees	6,925	1,525
Special assessments and tap fees	2,222,739	1,228,045
Transfers out	(149,489)	0
Net Cash Used for Capital and Related Financing Activities	(228,496)	28,337
Cash Flows from Investing Activities		
Interest income	92,813	87,493
Net Increase (Decrease) in Cash and Cash Equivalents	178,529	351,747
Cash and Cash Equivalents - Beginning of Year	3,185,095	2,833,348
Cash and Cash Equivalents - End of Year	\$3,363,624	\$3,185,095

Agency Fund

Tax Collection - This Fund was established for the purpose of accounting for money which is held by the Township in its capacity as trustee of property taxes.

ASH TOWNSHIP

TAX COLLECTION

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended March 31, 2004

	Balance March 31, 2003	Additions	Deductions	Balance March 31, 2004
<u>Assets</u>				
Cash	\$12,206	\$6,765,221	\$6,720,295	\$57,132
Accounts receivable	1,182	14,076	14,499	759
Total Assets	<u>\$13,388</u>	<u>\$6,779,297</u>	<u>\$6,734,794</u>	<u>\$57,891</u>
 <u>Liabilities</u>				
Due to State of Michigan	\$0	\$1,424,560	\$1,424,560	\$0
Due to Monroe County	261	1,439,545	1,431,140	8,666
Due to school districts	559	3,107,182	3,075,150	32,591
Due to other funds	0	505,259	505,259	0
Due to general fund	9,034	274,548	267,707	15,875
Trailer taxes	3,534	11,724	14,499	759
Total Liabilities	<u>\$13,388</u>	<u>\$6,762,818</u>	<u>\$6,718,315</u>	<u>\$57,891</u>

ASH TOWNSHIP

TAX COLLECTION

2003 TAX WARRANT AND COLLECTIONS

March 31, 2004

	Tax Per Warrant	Returned Delinquent	Collected
Monroe County			
Operating	\$1,305,068	\$81,497	\$1,223,571
Library	196,843	12,291	184,552
Drains	5,262	432	4,830
Community College	528,722	33,017	495,705
Intermediate School District	1,146,379	67,665	1,078,714
	<u>3,182,274</u>	<u>194,902</u>	<u>2,987,372</u>
Schools			
Flat Rock	113,844	75,968	37,876
Huron	25,051	6,500	18,551
Airport	1,546,572	111,421	1,435,151
State of Michigan - Airport IFT	223,453	0	223,453
- Education tax	1,257,500	56,022	1,201,478
	<u>3,166,420</u>	<u>249,911</u>	<u>2,916,509</u>
Ash Township			
General Fund			
Operating	198,761	12,411	186,350
Street lighting	3,269	394	2,875
Administration	66,617	4,304	62,313
Library			
Debt service	36,390	2,272	34,118
Fire equipment			
Capital outlay	121,342	7,577	113,765
Water and Sewer Fund			
Special assessment districts	366,359	36,118	330,241
	<u>792,738</u>	<u>63,076</u>	<u>729,662</u>
	<u>\$7,141,432</u>	<u>\$507,889</u>	<u>\$6,633,543</u>



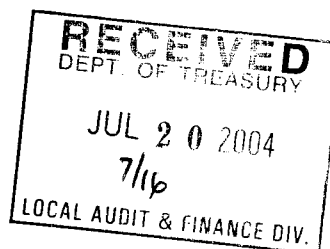
**COOLEY HEHL
WOHLGAMUTH & CARLTON**
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA
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Certified Public Accountants

Township Board
Ash Township
Monroe County, Michigan



Our audit of the general purpose financial statements of Ash Township for the year ended March 31, 2004, was made in accordance with auditing standards generally accepted in the United States of America. These standards require, in addition to obtaining competent evidential matter through inspection, observation, inquiry, and confirmation, that we determine that existing internal controls, accounting procedures and accounting records are adequate to allow us to express an opinion on the financial statements of the Township.

Our comments set forth herein are for your review and have been discussed with appropriate personnel. These comments are based primarily upon procedures employed during our audit and therefore do not encompass all matters that might result from special studies directed toward such matters.

Library Debt Millage

Currently, the Library Debt Fund does not have sufficient funds for the required debt payments for the 2004/2005 fiscal year. We suggest that the Township increase the library debt millage to be able to meet the debt requirements.

Reconciliation of General Ledger Accounts

During the audit, we noted individual account balances in the general ledger that were not reconciled, and the year-end account balances needed to be adjusted. The adjustments were for reconciliation adjustments, reclassifications, and posting errors. We suggest that the individual account general ledger detail be reviewed and reconciled at the end of each month.

Special Assessment Accounts Receivable

We noticed that the special assessment accounts receivable reports needed to be corrected in several of the special assessment districts. The consequences of special assessment errors are inaccurate payoff balances and an incorrect special assessment tax levy. We suggest that the special assessment accounts be reviewed to detect any errors to provide an accurate payoff balance and to prevent any tax levy errors.

New Reporting Model

Effective June 1999, new financial reporting requirements were established by GASB Statement No. 34. The Township is required to implement these changes for the fiscal year beginning April 1, 2004. For a smooth transition, we need to work with the Township on a plan to implement these new reporting changes.

As part of GASB Statement No. 34, the Township will be required to report capital assets (assets with useful lives of more than one year) in the statement on net assets at historical cost. These capital assets will also be depreciated over their estimated useful lives.

Township Board
Ash Township

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New Reporting Model (Concluded)

In order to implement GASB Statement No. 34, the Township will need an inventory of capital assets as of March 31, 2004. Capital assets include the following: Land, buildings, office equipment, fire equipment, and vehicles. Inventory information should include the description of the item, historical cost, date of purchase, and estimated useful life.

It has been a pleasure to serve you and we appreciate the cooperation we received during the audit. We are available to meet with you at any time to answer any questions concerning this letter or the March 31, 2004 audit report. We are also available during the year should any problems or questions arise of which we may be of assistance.

Very truly yours,

A handwritten signature in black ink that reads "Cooley Hell Wohlgamuth & Carlton". The signature is written in a cursive, flowing style.

May 17, 2004